

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** 03/08/2012  
**POSITION:** Oppose

**BILL NUMBER:** AB 1506  
**AUTHOR:** Jeffries, Kevin

### **BILL SUMMARY:** State responsibility areas: fire prevention fees

Existing law requires the Department of Forestry and Fire Protection (CAL FIRE) to charge a fire prevention fee, collected by the Board of Equalization (BOE), on each habitable structure on a parcel that is located within the state responsibility area (SRA). The fee revenues are to be deposited into the State Responsibility Area Fire Prevention Fund (SRA Fund). Existing law requires CAL FIRE to use the revenue in the SRA Fund for specified fire prevention activities that benefit the owners of structures in the SRA.

This bill would repeal the fire prevention fee and all related provisions.

### **FISCAL SUMMARY**

The bill would result in the annual loss of approximately \$84.4 million in revenue from the collection of the fire prevention fee. While the collection of the fee has yet to occur, the 2012-13 Governor's Budget identified \$84.4 million in implementation costs and fire prevention activities to be funded by the SRA Fund. Absent the fee revenue, the General Fund would be required to permanently cover approximately \$68.6 million of identified fire prevention activities performed by CAL FIRE. Finance notes of the \$68.6 million, \$1.55 million would be for partial-year implementation costs as the bill would not be enacted until sometime in September at which point the department would likely cease implementation. The California Conservation Corps would require \$1.5 million General Fund ongoing for base fire prevention activities funded by the SRA Fund and the BOE would require funding for partial-year implementation costs.

To begin the identification of SRA structures and the collection of the fire prevention fee, CAL FIRE received a \$50 million cash flow loan from the General Fund to the SRA Fund in early 2012. If the fire prevention fee is eliminated, CAL FIRE would have no revenue from which to repay the loan.

### **COMMENTS**

The Department of Finance is opposed to the bill as it would result in the loss of \$84.4 million annually in revenue to the SRA Fund and require an ongoing General Fund backfill of \$67.0 million for fire prevention activities performed by CAL FIRE and the California Conservation Corps. Additionally, the bill would result in a \$50 million General Fund loan to the SRA Fund not being repaid.

Chapter 8, Statutes of 2011 (AB X1 29), required the California Board of Forestry (Board) to establish regulations for the implementation of a fire prevention fee for every habitable structure located in the SRA. The Board determined that a fee of \$150 would be assessed on each structure, and structures within a local fire district would receive a \$35 discount. CAL FIRE estimates the fee would result in revenue of approximately \$84.4 million annually to the SRA Fund. CAL FIRE and BOE are currently implementing the provisions of AB X1 29.

Staff at the author's office stated the intent of the bill is to repeal a fee for which they believe there is no benefit as many of the structure owners already receive a prevention benefit from local fire districts.

Analyst/Principal (0634) K.Gmeinder	Date	Program Budget Manager Karen Finn	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

## AUTHOR

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**COMMENTS** (continued)

The author's office believes that most fee payers would be double taxed by the fire prevention fee and if it is left in place, it would result in major difficulties for structure owners who pay both the fire prevention fee and local fire district fees. As declared by the Legislature in AB X1 29, individual owners of structures within SRA receive a disproportionately larger benefit from fire prevention activities performed by CAL FIRE than that realized by the state's citizens generally. Therefore, the intention of the fire prevention fee is to provide funding to mitigate the risk and cost that structures within the SRA can cause.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)					
	LA	(Dollars in Thousands)					
	CO	PROP					Fund
	RV	98	FC	2011-2012 FC	2012-2013 FC	2013-2014	Code
1256/Othr Reg Fee	RV	No	L	-- P	-84,400 P	-84,400	3063
3540/Forest&Fire	SO	No	A	-- C	68,570 C	67,020	0001
3340/Cons Corps	SO	No	A	-- C	1,500 C	1,500	0001
0860/Equalization	SO	No		----- See Fiscal Summary -----			0001
<u>Fund Code</u>	<u>Title</u>						
0001	General Fund						
3063	Responsibility Area Fire Prevention Fund						